GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA

UNSTARRED QUESTION NO:2701
ANSWERED ON:14.03.2016
Bhagat Singh Koshiyari Committee
Gutha Shri Sukender Reddy;Reddy Shri Y. S. Avinash;Reddy,Kotha Prabhakar

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a)whether huge amount of money is accumulated with the Central Government has Employees Provident Fund Organization on account of Employees Provident Fund Contribution and those contributions are not getting a sizable pension as per their share of contribution;
(b)if so, whether other pensioners are getting more pension along with Dearness Allowance than these pensioners and if so the reasons therefor;
(c)whether the National Coordination Committee of Employees" Pension Scheme Schedme 1995 has requested the Government for Implementation of Bhagatsingh Koshiyari Recommendations;
(d)if so, the details of the recommendations made by Bhagatsingh Koshiyari Committee; and
(e)the steps being taken by the Government to implement the recommendations of the above Committee?

Answer

MINISTER OF STATE (IC) FOR LABOUR AND EMPLOYMENT
(SHRI BANDARU DATTATREYA)

(a): No, Madam. Employees' Provident Funds (EPF) Scheme, 1952 and Employees' Pension Scheme (EPS), 1995 are two distinct Schemes under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. As per the Actuarial Evaluation of EPS, 1995 (for the year 2013-14), there are no surplus in the Pension Fund.

(b): Does not arise in view of reply to part (a) of the Question above.

(c): Yes, Madam.
(d) & (e): The details of main recommendations and the action taken thereof are at Annex.
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ANNEX

ANNEX REFERRED TO IN REPLY TO PARTS (d) AND (e) OF LOK SABHA UNSTARRED QUESTION NO. 2701 TO BE ANSWERED ON 14.03.2016 BY SHRI Y.S. AVINASH REDDY, SHRI GUTHA SUKENDER REDDY AND SHRI PRABHAKAR REDDY KOTHA REGARDING BHAGAT SINGH KOSHIYARI COMMITTEE.

Main Recommendations of Shri Bhagat Singh Koshiyari Committee and Action Taken thereof.

The recommendations of the 147th Report of the Committee on Petitions (Rajya Sabha) also known as the Bhagat Singh Koshiyari Committee Report have been considered by the Government. The recommendations of the Committee and the actions taken thereon are briefly enumerated below :

(i) The Committee had recommended increasing Government's contribution to Employees' Pension Scheme (EPS), 1995 from 1.16 per cent of member's wages to at least 8.33 per cent to support a minimum pension of Rs. 3,000/- per month.
Given the constraints of financial feasibility the Government has implemented a minimum pension of Rs. 1,000/- per month under EPS, 1995 with effect from 01.09.2014 by providing budgetary support for the initiative.
(ii) The recommendation for enhancing the wage ceiling for contributions has been implemented and the wage ceiling has been enhanced from Rs. 6,500/- per month to Rs. 15,000/- per month with effect from 01.09.2014.
(iii) The Committee had recommended review of the Employees' Deposit-Linked Insurance (EDLI) Scheme, 1976 with a view to create incentive for enhanced Provident Fund (PF) accumulation. It had also advised optimizing use of surplus EDLI funds to provide relief/indexation to existing pensioners.
Accordingly, an actuarial valuation of the EDLI funds was conducted by a professional actuary and based on the recommendations of the study a proposal for increase in the benefits under EDLI Scheme to a maximum of Rs. 6,00,000/- from Rs. 3,60,000/- duly linking the benefits to PF balance to incentive building of PF accumulation is presently under consideration. However, the use of surplus EDLI funds to provide meaningful relief to pensioners was not found feasible.
Contd..2/-

(iv) As recommended by the Committee, Employees' Provident Fund Organisation (EPFO) has taken up the task of adopting modern accounting methods consistent with the standards prescribed by Comptroller and Audit General (C&AG) in the organisation with the

help of expertise from the Institute of Chartered Accounts of India.
(v) The Committee had suggested appointment of Fund Managers and investment in equity for better management of the corpus fund. EPFO has already appointed fund managers since September, 2008 for better and efficient management of funds and the investments are carried out as per Pattern of Investment prescribed by the Ministry of Finance and notified by Ministry of Labour & Employment and the guidelines laid down by Central Board of Trustees (CBT), Employees' Provident Fund (EPF) from time to time within the parameters of the Investment Pattern.
(vi) The Committee had suggested that the quantity and quality of data in respect of Employees' Pension Scheme (EPS), 1995 members for purposes of valuation of the fund should be improved significantly. The Committee had also recommended that the actuarial valuation of the fund should be conducted after every 3 years instead of every year presently and also that the Government should take responsibility to curb actuarial deficit. It had also suggested replacement of the existing Employees' Pension Scheme, 1995 with a Provident Fund−cum-Pension Annuity Scheme with mandatory annuitization.
As suggested by the Committee, special efforts have been made to collect information of members and the valuation for 2011-12, 2012-13 and 2013-14 was carried out with data of almost 60 per cent of active contributing members and 100 per cent of the pensioners data resulting in better quality and reliability of the valuation exercise. Taking into account the recommendations of the actuarial valuation report and the suggestions of the Ministry of Finance while agreeing to the minimum pension proposal, a number of amendments have been carried out in the Employees' Pension Scheme, 1995 to curtail the deficit. These measures, inter-alia, include calculating pensionable salary on the basis of 60 months' average instead of 12 months' average and determination of eligible service on the basis of contributory service instead of simple length of service. The improvement in the quality of data and the amendments have resulted in significant drop in the deficit of the Employees' Pension Fund. As regards the suggestion for conducting valuation every 3 years and replacement of the Scheme with an annuity based scheme, it is stated that these were considered by the Central Board of Trustees, EPF in its 190th and 202nd meeting where no consensus could emerge on the proposal for an annuity based scheme and it was felt that the annual valuation should continue.
Contd..3/-

(vii) The Committee had also recommended for providing price rise neutralization in the pension amount to offset inflation.
The Employees' Pension Scheme (EPS), 1995 being a funded Scheme with features of defined benefits and defined contribution, it is not found feasible to provide for increase in pension by neutralizing effect of inflation. However, if the annual valuation reveals surplus in future then appropriate relief can be considered as per the provision of the Scheme.
(viii) The Committee had suggested that withdrawal from the Pension Fund should be discouraged and the age of superannuation should be increased from 58 years to 60 years.
In this connection, it is stated that the EPFO has introduced the Universal Account Number (UAN) for members and an online transfer claim portal providing ease to members to transfer their accounts instead of seeking withdrawal. A proposal for deferring the age for vesting pension from 58 years to 60 years on voluntary basis is also under consideration.
(ix) The Committee had also suggested a separate grievance redressal mechanism for pensioners and for grant of interest in case of delay in credit in pension.
In this connection, it is stated that a separate Customer Service Division (CSD-VI) is in place for pension grievances in EPFO headquarters apart from the fact that an Online Grievances Portal is also in operation. As regards the delay in credit of pension is concerned, it is mentioned that EPS pensions are credited electronically through core banking system every month and every effort is taken to ensure that the pension is credited on the first working day of each month.

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